

STATE OF WISCONSIN  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF MANAGEMENT SERVICES  
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

TOPIC: Audit 5.0	EFFECTIVE DATE: 1/23/84
TITLE: Source of Funds for Audit Resolution	REVISION DATE: 10/31/92
AUTHORIZED BY: Donald N. Warnke, Director	PAGE 1 OF 2

**BACKGROUND**

Identification of unreimbursed expenses from prior year contracts is a common issue in audits. Under unique circumstances, the resolution process may approve payment of unreimbursed expenses if they are within contract limits. However, at the time the payment is made, federal reimbursement for that expense is no longer possible because of the time elapsed since the expense was incurred.

The following policies for audit resolution payments are established in order to eliminate GPR subsidies of federal program expenditures.

**POLICIES**

1. Payment will not be made for expenses in federal programs unless the federal reimbursement for those expenses has already been received or is still available. Payments will not be made for income maintenance or Foster Care pass-through or for 100% federal programs such as Refugee Assistance unless federal funds from the period of the expenses are still available.

In the cases of joint state-federally funded programs, such as IM Administration, only the state share of the expenses may be reimbursed unless federal funds from that period are available with which to reimburse the federal share.

2. When the audit identifies overpayments in a federal program, both federal and state share (if any) will be recovered. When practical, the recovery will be offset from the reported expenses in the federal program. If the federal grant is already finalized, the recovery will be deposited to the general fund. Any exceptions to this policy will be considered on an individual basis by the Bureau of Fiscal Services (BFS).

**PROCEDURES**

1. BFS-Project Reporting will determine the availability of federal funds or our ability to claim the expense as the audit is resolved.

2. All payments from GPR, as referenced above, would be contingent on the availability of GPR appropriation authorized for that purpose and cleared through the BFS-Preaudit.

**CONTACT PERSON**

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